

Commodore International Limited
Results of Operations
For the Twelve Months Ended June 30, 1985

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TO: Board of Directors
FROM: John B. Kelly
DATE: August 16, 1985
SUBJ: FOURTH QUARTER RESULTS

Sales

Sales for Quarter 4 were a disappointment. The original forecast of \$200 million included \$25 million for Ted products which did not materialize. The markets in Latin and South America have taken longer to develop than originally estimated. In Quarter 4 significant price reductions were granted to generate volume. In the U.S. a bundle discount of \$5 million was given for orders taken at the CES show in Chicago in early June. Italy continued to grant price discounts which they considered as co-op advertising allowances but were really price reductions and, accordingly, should have been deducted from sales. This required a restatement of sales for previous quarters. In Quarter 4 the U.S. continued to liquidate product through COMBS - total sales value was \$5 million with no margin.

Sales of the PC 10/20 in Europe were on target - \$19.5 million. In just a short period of time, the PC became Number 1 in the German market. Sales of our flagship product, the C64, were 215,000 units in non-U.S. countries. Sales of the 1541 disk drive continue to lag significantly behind sales of the C64 outside of the U.S.

The effects of the above factors on sales and standard margin for Quarter 4 were as follows:

| | <u>Sales</u> | <u>Standard Margin</u> |
|--|-----------------|----------------------------|
| Original Forecast | \$200,000 | \$65,000 |
| Ted products | (25,000) | (5,000) |
| U.S. bundle discounts | (5,000) | (5,000) |
| Italy pricing allowances | (3,000) | (3,000) |
| Cash discounts for early payment | (2,000) | (2,000) |
| No margin on COMBS sales | --- | (2,000) |
| Estimated effect of currency rates (offset by other income) | | (4,000) |
| Other shortfalls - volume and pricing | <u>(29,400)</u> | <u>(17,500)</u> |
| Reported | \$135,600 | \$26,500 |

Income

The large increase in the loss for Quarter 4 was due primarily to the margin shortfall, inventory writedowns, special year-end adjustments and loss of income tax benefits for certain of the losses.

Due to the slow sales of Ted products, management determined it was prudent to reevaluate the worldwide inventory position for these products. This review indicated that all parts below the PCB assembly level should be considered excess. This resulted in a writedown of \$15 million. Management also believed that a writedown of \$10 million was needed for finished goods and assemblies due to the large quantities of Ted products available for sale.

Additional writedowns were taken in Quarter 4 in order to facilitate future disposal of certain other products, such as PET system printers and disk drives, C64 software purchased locally and through CEL, and certain consumer printers. Excess PET production parts, primarily transferred from Santa Clara, were also written off. Total non-Ted writeoffs were \$12 million in Quarter 4. For the fiscal year 1985 total non-Ted inventory writeoffs were \$36 million.

Operating expenses of \$61 million were higher than forecast primarily due to a \$5 million bad debt provision in Italy. During fiscal 1985 five people from senior management visited Italy at different times to review the receivable situation. At the last review it was determined that with deteriorating market conditions and high levels of receivables, the extending of due dates created a high risk of collectibility. As of June 30, 1985 \$5 million of receivables were more than one year old and Arthur Andersen concurred that a reserve be established for this amount.

Advertising expenses in Quarter 4 were lower than forecast due to the reclassification of Italy's co-op allowances and the U.S. CES bundle discounts. Research and development costs for Quarter 4 were higher than previous quarters due to the heavy development costs for the Amiga and approximately \$1.3 million of prototype materials for the C900 series.

Certain other non-recurring adjustments in Quarter 4 included \$3.5 million in other cost of sales for customs problems in the U.S., U.K. and Germany. The steel division in Canada was sold in June 1985. The net loss of U.S. \$1.2 million (Can.\$1.6 million) was included in other income. Other income also included a writedown of \$2.5 million for idle semiconductor equipment, primarily the 4" wafer fabrication line in Costa Mesa and excess testing equipment in Hong Kong.

Arthur Andersen required Germany to discount the Deerfield receivables by \$1.6 million because the credits will be used by Commodore over a period of 2-3 years. At the present time the discount is reflected in other cost of sales. However, Arthur Andersen is still reviewing the entire Deerfield situation. They believe that for U.S. reporting purposes the discount should be shown as a reduction of sales. They have also gone so far as to say that no profit should have been recorded on the sale because the value of the credits received in exchange was not determinable. This would mean a reduction of Quarter 1 sales and pre-tax income of \$4.3 million. This issue is still unresolved.

The effect on pre-tax income of the above non-recurring items is summarized as follows:

| | |
|--|----------------------------|
| Original forecast (excluding inventory writedowns) | \$ (19,000) |
| Margin shortfall | (38,500) |
| Italy bad debts | (5,000) |
| Customs problems | (3,500) |
| Idle semiconductor equipment | (2,500) |
| Loss on sale of steel division | (1,200) |
| Deerfield discount - Germany | (1,600) |
| R & D - C900 prototype materials | (1,300) |
| Currency translation gain (included in other income) | 3,000 |
| Expenses lower than forecast | <u>2,000</u> |
| Pre-tax loss before inventory writedowns | (67,600) |
| Inventory writedowns - Ted products | (25,000) |
| Other | <u>(12,000)</u> |
| Reported pre-tax loss | <u><u>\$ (104,600)</u></u> |

Both Canada and Italy are in net loss carryforward positions with no possibility of carrying the 1985 losses back to prior years. In addition, the inventory writedowns were recorded by CEL, which pays minimal income taxes. In Quarter 4, \$2.0 million was provided for the estimated cost of the resolution of the Japanese tax audit of 1983/84. Therefore, the effective tax benefit in Quarter 4 was only 23% compared with 30% in prior quarters.

The preliminary after-tax loss for Quarter 4 is \$80.3 million. For the first nine months net income was \$10.1 million, so the preliminary net loss for the fiscal year is \$70.2 million.

/lh

John B. Kelly

comodore international limited
consolidated income statement
fiscal 1985

8/15/85

(in thousands of dollars)

| | 9/30/84 | 12/31/84 | 3/31/85 | prelim 6/30/85 | year 1985 | % | year 1984 |
|---------------------------------|-----------------|-----------------|----------------|-------------------|-----------------|--------|-----------------|
| net sales - as reported | 244200 | 338700 | 168300 | 138400 | 889600 | | |
| italy price discounts | -1900 | -4200 | 0 | -2800 | -8900 | | |
| net sales - as restated | 242300 | 334500 | 168300 | 135600 | 880700 | 100.00 | 1267200 |
| cost of sales -std. | 125900 | 183300 | 107700 | 109100 | 526000 | 59.73 | 705000 |
| gross margin -std. % | 116400 48.04 | 151200 45.20 | 60600 36.01 | 26500 19.54 | 354700 40.27 | 40.27 | 562200 44.37 |
| other cost of sales | | | | | | | |
| air freight | 3000 | 5900 | 800 | 900 | 10600 | 1.20 | 18200 |
| inventory writedowns - ted prod | 0 | 0 | 0 | 25000 | 25000 | 2.84 | 0 |
| - other | 1100 | 19100 | 3800 | 12000 | 36000 | 4.09 | 16700 |
| price protection | 0 | 24100 | 6300 | 1100 | 31500 | 3.58 | 5300 |
| other | 10700 | 6200 | 22100 | 21500 | 60500 | 6.87 | 55200 |
| subtotal -other cos | 14800 | 55300 | 33000 | 60500 | 163600 | 18.58 | 95400 |
| net gross margin | 101600 | 95900 | 27600 | -34000 | 191100 | 21.70 | 466800 |
| operating expenses | | | | | | | |
| advertising & merchandising | 19100 | 41400 | 17800 | 16900 | 95200 | 10.81 | 88400 |
| selling & delivery | 11700 | 17200 | 14100 | 20800 | 63800 | 7.24 | 57300 |
| administration | 7400 | 8600 | 8900 | 9000 | 33900 | 3.85 | 33900 |
| research & development | 8800 | 10600 | 11200 | 14700 | 45300 | 5.14 | 40300 |
| total operating expenses | 47000 | 77800 | 52000 | 61400 | 238200 | 27.05 | 219900 |
| operating income | 54600 | 18100 | -24400 | -95400 | -47100 | -5.35 | 246900 |
| interest expense, net | 5800 | 8900 | 8400 | 9300 | 32400 | 3.68 | 20400 |
| other expense (income) | 9100 | 4500 | -2900 | -100 | 10600 | 1.20 | 2000 |
| pre-tax income (loss) | 39700 | 4700 | -29900 | -104600 | -90100 | -10.23 | 224500 |
| income tax provision (benefit) | 12000 | 1500 | -9100 | -24300 | -19900 | | 80700 |
| net income (loss) | 27700 | 3200 | -20800 | -80300 | -70200 | | 143800 |
| average shares outstand. | 30799 | 31186 | 31306 | 31278 | 31142 | | 30859 |
| earnings (loss) per share | 0.90 | 0.10 | -0.67 | -2.58 | -2.25 | | 4.66 |

commodore international limited
sales by country
fiscal 1985

8/15/85

(in thousands of dollars)

| country | 9/30/84 | 12/31/84 | 3/31/85 | prelim 6/30/85 | 1985 year | 1984 year | % change |
|---------------------------|--------------|---------------|--------------|-------------------|---------------|----------------|------------|
| u.s. | 84378 | 110232 | 85102 | 48815 | 328527 | 659674 | -50 |
| canada -systems -steel | 16040 323 | 13320 3361 | 5312 2775 | 6822 2009 | 41494 8468 | 88094 13261 | -53 -36 |
| u.k. | 23259 | 39867 | 4382 | 5410 | 72918 | 143581 | -49 |
| germany | 53397 | 50252 | 17058 | 27064 | 147771 | 136381 | 8 |
| northern europe | 17330 | 32741 | 15899 | 21358 | 87328 | 63881 | 37 |
| france | 0 | 0 | 0 | 1351 | 1351 | | |
| italy | 31755 | 58050 | 26903 | 10390 | 127098 | 82363 | 44 |
| -discounts | -1900 | -4200 | 0 | -2800 | -8900 | | |
| cel - basel | 8846 | 13435 | 5595 | 7671 | 35547 | 37585 | -5 |
| australia | 8874 | 17394 | 5228 | 7448 | 38944 | 39944 | -3 |
| other | 9 | 26 | 30 | 45 | 110 | 2401 | -95 |
| | 242311 | 334478 | 168284 | 135583 | 880656 | 1267165 | -31 |
| northern europe | | | | | | | |
| austria | 1943 | 3700 | 1669 | 3014 | 10326 | 7183 | 44 |
| belgium | 2808 | 5564 | 2613 | 2974 | 13959 | 9141 | 53 |
| netherlands | 5988 | 9415 | 4120 | 5549 | 25072 | 16986 | 48 |
| switzerland | 3673 | 6281 | 3340 | 4156 | 17450 | 10767 | 62 |
| denmark | 2009 | 5518 | 2781 | 2580 | 12888 | 11021 | 17 |
| norway | 909 | 2263 | 1211 | 1240 | 5623 | 8783 | -36 |
| sweden | 0 | 0 | 165 | 1845 | 2010 | | |
| | 17330 | 32741 | 15899 | 21358 | 87328 | 63881 | 37 |

commodore international limited
consolidated balance sheet
fiscal 1985

8/15/85

#3 40

| | 6/30/84 | 9/30/84 | 12/31/84 | 3/31/85 | prelim 6/30/85 |
|---|-------------|-------------|-------------|-----------------|-------------------|
| cash | 23100 | 10900 | 24900 | 11000 | 8400 |
| accounts receivable, net | 237800 | 254700 | 246300 | 198800 | 144500 |
| inventories -existing products -new products | 308300 0 | 437400 0 | 449300 0 | 419400 70900 | 316600 23600 |
| prepaid expenses | 5200 | 8400 | 9100 | 9200 | 7400 |
| income tax refunds | 0 | 0 | 0 | 0 | 25500 |
| total current assets | 574400 | 711400 | 729600 | 645400 | 526000 |
| property - cost | 144800 | 153000 | 167800 | 188800 | 190900 |
| accum depreciation | -46300 | -50900 | -56700 | -63300 | -65900 |
| net property | 98500 | 102100 | 111100 | 125500 | 125000 |
| deferred receivables | 800 | 3500 | 31600 | 31600 | 19800 |
| acquired technology | 5300 | 5400 | 6200 | 7300 | 8300 |
| other assets | | | | | |
| total assets | 679000 | 822400 | 878500 | 809800 | 710700 |
| current bank debt | 4200 | 30900 | 69000 | 61900 | 53000 |
| current long-term debt | 7800 | 7500 | 7600 | 7500 | 9600 |
| japan payables | 89400 | 118800 | 95500 | 47500 | 17200 |
| other payables & accruals | 104300 | 112600 | 124000 | 89500 | 96500 |
| income taxes | 64200 | 66700 | 60700 | 45000 | 41400 |
| total current liabilities | 269900 | 336500 | 356800 | 251400 | 217700 |
| long-term revolving credits | 42300 | 93300 | 112300 | 132900 | 145100 |
| long-term dm debentures | 0 | 0 | 0 | 32600 | 33000 |
| mortgages & leases | 35000 | 34300 | 35000 | 38900 | 34500 |
| deferred taxes | 7400 | 8500 | 8300 | 8500 | 9900 |
| other long-term liabilities | 0 | 0 | 5000 | 4500 | 4200 |
| total liabilities | 354600 | 472600 | 517400 | 468800 | 444400 |
| total equity | 324400 | 349800 | 361100 | 341000 | 266300 |
| total liabilities & equity | 679000 | 822400 | 878500 | 809800 | 710700 |
| current ratio | 2.13 | 2.11 | 2.04 | 2.57 | 2.42 |
| liab/tangible net worth | 1.09 | 1.35 | 1.43 | 1.37 | 1.80 |

commodore international limited
consolidated statement of cash flow
fiscal 1985

8/15/85

(in thousands of dollars)

| | year 1984 | 9/30/84 | 12/31/84 | 3/31/85 | prelim 6/30/85 | year 1985 |
|------------------------------------|--------------|-----------|----------------|-----------|-------------------|---------------|
| <u>sources of cash</u> | | | | | | |
| net income (loss) | 143800 | 27700 | 3200 | -20800 | -80300 | -70200 |
| depreciation | 19500 | 5900 | 6400 | 6700 | 10600 | 29600 |
| deferred taxes & other | 3400 | 1100 | -200 | -200 | 1400 | 2100 |
| cash from operations | 166700 | 34700 | 9400 | -14300 | -68300 | -38500 |
| debt, net of repayments | -24000 | 76700 | 57900 | 49900 | 1400 | 185900 |
| issuance of capital stock | 700 | 500 | 9400 | 0 | 4400 | 14300 |
| net book value of assets retired | 1000 | 3600 | 800 | 400 | 1700 | 6500 |
| income taxes payable | 40300 | 2500 | -6000 | -15700 | -29100 | -48300 |
| total sources | 184700 | 118000 | 71500 | 20300 | -89900 | 119900 |
| <u>uses of cash</u> | | | | | | |
| property and equipment | 42700 | 14300 | 17000 | 20800 | 11100 | 63200 |
| accounts receivable | 57800 | 16900 | -8400 | -47500 | -34500 | -73500 |
| inventories | -18500 | 129100 | 11900 | -22900 | -86200 | 31900 |
| payables & accruals | 89000 | -37700 | 11900 | 82500 | 23300 | 80000 |
| acquisition of amiga other, net | 0 14000 | 0 7600 | 31600 -6500 | 0 1300 | 0 -1000 | 31600 1400 |
| total uses | 185000 | 130200 | 57500 | 34200 | -87300 | 134600 |
| change in cash | -300 | -12200 | 14000 | -13900 | -2600 | -14700 |
| cash, beginning of period | 23400 | 23100 | 10900 | 24900 | 11000 | 23100 |
| cash, end of period | 23100 | 10900 | 24900 | 11000 | 8400 | 8400 |

commodore international limited
consolidated income statement
fourth quarter fiscal 1985 and 1984

8/15/85

| (in thousands of dollars) | prelim qtr 4 85 | % | qtr 4 84 | % | change | % |
|---------------------------|--------------------|--------|----------|--------|---------|------|
| net sales | 135600 | 100.00 | 300300 | 100.00 | -164700 | -55 |
| cost of sales -std. | 109100 | 80.46 | 170500 | 56.78 | -61400 | -36 |
| gross margin -std. | 26500 | 19.54 | 129800 | 43.22 | -103300 | -80 |
| other cost of sales | 900 | 0.66 | 6100 | 2.03 | -5200 | -85 |
| air freight | 37000 | 27.29 | 0 | 0.00 | 37000 | |
| inventory write-downs | 1100 | 0.81 | 0 | 0.00 | 1100 | |
| price protection | 21500 | 15.86 | 13700 | 4.56 | 7800 | 57 |
| other | | | | | | |
| subtotal -other cos | 60500 | 44.62 | 19800 | 6.59 | 40700 | 206 |
| net gross margin | -34000 | -25.07 | 110000 | 36.63 | -144000 | -131 |
| operating expenses | 16900 | 12.46 | 21600 | 7.19 | -4700 | -22 |
| adver & merchand | 20800 | 15.34 | 13700 | 4.56 | 7100 | 52 |
| selling & delivery | 9000 | 6.64 | 8500 | 2.83 | 500 | 6 |
| administration | 14700 | 10.84 | 10200 | 3.40 | 4500 | 44 |
| research & develop | | | | | | |
| total operating expenses | 61400 | 45.28 | 54000 | 17.98 | 7400 | 14 |
| operating income | -95400 | -70.35 | 56000 | 18.65 | -151400 | -270 |
| interest expense | 9300 | 6.86 | 3800 | 1.27 | 5500 | 145 |
| other expense (income) | -100 | -0.07 | 1500 | 0.50 | -1600 | -107 |
| pre-tax income | -104600 | -77.14 | 50700 | 16.88 | -155300 | -306 |
| income tax provision | -24300 | 23.23 | 17600 | 34.71 | -41900 | -238 |
| net income | -80300 | | 33100 | | -113400 | -343 |
| average shares outstand. | 31278 | | 30839 | | | |
| earnings per share | -2.58 | | 1.07 | | | |

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comodore international limited
other cost of sales
fiscal 1985

8/15/85

(in thousands of dollars)

| | 1st qtr | 2nd qtr | 3rd qtr | prelim 4th qtr | year 1985 |
|-------------------------------|---------|---------|---------|-------------------|--------------|
| air freight | 2995 | 5854 | 830 | 868 | 10547 |
| inventory writedowns | | | | | |
| excess ted production parts | 0 | 0 | 0 | 15000 | 15000 |
| ted finished goods | 0 | 0 | 0 | 10000 | 10000 |
| sx 64, 6400 printer | 0 | 8400 | 0 | 2000 | 10400 |
| pet production parts | 0 | 1000 | 0 | 4000 | 5000 |
| c64 software | 0 | 3000 | 0 | 1000 | 4000 |
| other reserves | 1107 | 6740 | 3767 | 4991 | 16605 |
| | 1107 | 19140 | 3767 | 36991 | 61005 |
| price protection | | | | | |
| u.s. - 2/1/85 price list | 0 | 13000 | 2500 | 0 | 15500 |
| datasets | 0 | 3417 | 0 | 0 | 3417 |
| free c64 software | 0 | 1879 | 627 | -182 | 2324 |
| miscellaneous | 0 | 5789 | 1686 | 670 | 8145 |
| u.s. - subtotal | 0 | 24085 | 4813 | 488 | 29386 |
| canada | 0 | 0 | 1279 | 594 | 1873 |
| other countries | 0 | 0 | 260 | 24 | 284 |
| | 0 | 24085 | 6352 | 1106 | 31543 |
| other: | | | | | |
| rework and service | 2550 | 1738 | 3067 | 4468 | 11823 |
| unabsorbed labor and overhead | | | | | |
| semiconductor | 604 | 3254 | 7235 | 4834 | 15927 |
| other locations | 3207 | 1700 | 4454 | 3766 | 13127 |
| tooling amortization | 429 | 505 | 462 | 826 | 2222 |
| royalties | 898 | 849 | 883 | 1388 | 4018 |
| deerfield discount - germany | 0 | 0 | 0 | 1613 | 1613 |
| customs - u.s., u.k. & gmbh | 0 | 0 | 0 | 3489 | 3489 |
| manuf. & cost variances | 2995 | -1808 | 5927 | 1220 | 8334 |
| | 10683 | 6238 | 22028 | 21604 | 60553 |
| total | 14785 | 55317 | 32977 | 60569 | 163648 |

commodore international limited
sales and operating expenses
fiscal 1985

8/15/85

(in thousands of dollars)

| 4th quarter prelim | net sales | advert & merchand | | selling & delivery | | admin | r & d | total |
|--------------------|-----------|-------------------|-------|--------------------|-------|-------|-------|--------|
| | | amount | % | amount | % | | | |
| u.s. | 48815 | 8130 | 16.65 | 6183 | 12.67 | 4342 | 747 | 19402 |
| canada | 8831 | 1030 | 11.66 | 1053 | 11.92 | 481 | 0 | 2564 |
| u.k. | 5410 | 384 | 7.10 | 1665 | 30.78 | 259 | 99 | 2407 |
| germany | 27064 | 1744 | 6.44 | 1526 | 5.64 | 605 | 0 | 3875 |
| northern europe | 21358 | 2212 | 10.36 | 2792 | 13.07 | 401 | 0 | 5405 |
| france | 1351 | 219 | 16.21 | 80 | 5.92 | 109 | 0 | 408 |
| italy | 7590 | 1906 | 25.11 | 5819 | 76.67 | 461 | 25 | 8211 |
| cel basel | 7671 | 651 | 8.49 | 144 | 1.88 | 709 | 8711 | 10215 |
| australia | 7448 | 650 | 8.73 | 1466 | 19.68 | 364 | 0 | 2480 |
| manuf & corp | 45 | 0 | 0.00 | 0 | 0.00 | 1298 | 5102 | 6400 |
| total | 135583 | 16926 | 12.48 | 20728 | 15.29 | 9029 | 14684 | 61367 |
| 12 months prelim | | | | | | | | |
| u.s. | 328527 | 40714 | 12.39 | 26556 | 8.08 | 12463 | 1001 | 80734 |
| canada | 49962 | 4432 | 8.87 | 6777 | 13.56 | 2054 | 24 | 13287 |
| u.k. | 72918 | 7307 | 10.02 | 5814 | 7.97 | 1358 | 855 | 15334 |
| germany | 147771 | 10505 | 7.11 | 5296 | 3.58 | 2798 | 0 | 18599 |
| northern europe | 87328 | 5776 | 6.61 | 6640 | 7.60 | 3154 | 0 | 15570 |
| france | 1351 | 219 | 16.21 | 80 | 5.92 | 109 | 0 | 408 |
| italy | 118198 | 6484 | 5.49 | 8014 | 6.78 | 1453 | 333 | 16284 |
| cel basel | 35547 | 16468 | 46.33 | 392 | 1.10 | 3387 | 33563 | 53810 |
| australia | 38944 | 3345 | 8.59 | 4122 | 10.58 | 1210 | 0 | 8677 |
| manuf & corp | 110 | 0 | 0.00 | 0 | 0.00 | 5991 | 9459 | 15450 |
| total | 880656 | 95250 | 10.82 | 63691 | 7.23 | 33977 | 45235 | 238153 |

8/15/85

comodore international limited
research and development expense
fiscal year 1985

(in thousands of dollars)

| | 9/30/84 | 12/31/84 | 3/31/85 | prelim 6/30/85 | 1985 year |
|---------------------------------|---------|----------|---------|-------------------|--------------|
| u.s. engineering | | | | | |
| salaries & benefit | 1300 | 1700 | 2200 | 2300 | 7500 |
| materials | 500 | 500 | 500 | 500 | 2000 |
| facilities expense | 900 | 1100 | 600 | 600 | 3200 |
| sfw dev & outside services | 100 | 200 | 900 | 700 | 1900 |
| other | 200 | 2000 | 900 | 800 | 3900 |
| subtotal | 3000 | 5500 | 5100 | 4900 | 18500 |
| semiconductor | | | | | |
| salaries & benefit | 100 | 100 | 200 | 300 | 700 |
| materials | 100 | 100 | 500 | 400 | 1100 |
| facilities expense | 900 | 900 | 300 | 300 | 2400 |
| start-up & yields | 2400 | 400 | 200 | 100 | 3100 |
| other | 200 | 0 | 400 | 900 | 1500 |
| subtotal | 3700 | 1500 | 1600 | 2000 | 8800 |
| amiga | | | | | |
| salaries & benefit | 0 | 400 | 600 | 600 | 1600 |
| materials | 0 | 100 | 400 | 500 | 1000 |
| facilities expense | 0 | 100 | 300 | 400 | 800 |
| sfw dev & outside services | 0 | 500 | 800 | 700 | 2000 |
| other | 0 | 100 | 400 | 500 | 1000 |
| subtotal | 0 | 1200 | 2500 | 2700 | 6400 |
| japan | | | | | |
| approx. 2/3 materials | 500 | 900 | 900 | 1700 | 4000 |
| c900 materials (500 prototypes) | 0 | 0 | 0 | 1300 | 1300 |
| defective amiga chips | 0 | 0 | 0 | 700 | 700 |
| braunschweig (pc & c900) | 100 | 100 | 100 | 300 | 600 |
| software | | | | | |
| u.s. software | | | | | |
| salaries | 400 | 500 | 200 | 200 | 1300 |
| materials | 400 | 300 | 100 | 0 | 800 |
| other | 300 | 200 | 400 | 700 | 1600 |
| subtotal | 1100 | 1000 | 700 | 900 | 3700 |
| u.k. mktg | 300 | 300 | 200 | 200 | 1000 |
| italy | 100 | 100 | 100 | 0 | 300 |
| subtotal software | 1500 | 1400 | 1000 | 1100 | 5000 |
| total | 8800 | 10600 | 11200 | 14700 | 45300 |

COMODORE INTERNATIONAL LIMITED
EMPLOYEE STATISTICS
JUNE 30, 1985

| | June 30, 1985 | | | | | June 30, 1984 | | | | |
|-------------------------|--------------------|------------------|--------|--------------------|-------|--------------------|------------------|-------|--------------------|-------|
| | MANUFAC- TURING | SELLING & DEL | ADMIN. | RESEARCH & DEV. | TOTAL | MANUFAC- TURING | SELLING & DEL | ADMIN | RESEARCH & DEV. | TOTAL |
| U.S. SYSTEMS | 226 | 287 | 171 | 238 | 922 | 433 | 235 | 160 | 53 | 881 |
| SEMICONDUCTOR GROUP | 620 | 1 | 79 | 4 | 704 | 920 | 5 | 77 | 114 | 1116 |
| AMIGA | 0 | 0 | 8 | 40 | 48 | 0 | 0 | 0 | 0 | 0 |
| CIL | 0 | 0 | 26 | 0 | 26 | 0 | 0 | 13 | 0 | 13 |
| TOTAL U.S. | 846 | 288 | 284 | 282 | 1700 | 1353 | 240 | 250 | 167 | 2010 |
| CANADA-Systems Steel | 0 | 26 | 52 | 0 | 78 | 0 | 95 | 58 | 0 | 153 |
| | 0 | 0 | 0 | 0 | 0 | 271 | 0 | 0 | 0 | 271 |
| UNITED KINGDOM | 214 | 211 | 61 | 26 | 512 | 226 | 126 | 41 | 23 | 416 |
| GERMANY | 164 | 142 | 160 | 21 | 387 | 159 | 120 | 51 | 9 | 339 |
| OTHER EUROPE | 0 | 21 | 6 | 0 | 27 | 0 | 15 | 4 | 0 | 19 |
| AUSTRIA | 0 | 22 | 10 | 0 | 32 | 0 | 19 | 7 | 0 | 26 |
| NETHERLANDS | 0 | 30 | 13 | 0 | 43 | 0 | 19 | 8 | 0 | 27 |
| BELGIUM | 0 | 27 | 10 | 0 | 37 | 0 | 20 | 7 | 0 | 27 |
| SWITZERLAND | 0 | 27 | 8 | 0 | 35 | 0 | 23 | 7 | 0 | 30 |
| DENMARK | 0 | 13 | 6 | 0 | 19 | 0 | 12 | 3 | 0 | 15 |
| NORWAY | 0 | 16 | 6 | 0 | 22 | 0 | 0 | 0 | 0 | 0 |
| SWEDEN | 0 | 7 | 2 | 0 | 9 | 0 | 0 | 0 | 0 | 0 |
| FRANCE | 0 | 28 | 11 | 0 | 39 | 0 | 20 | 7 | 0 | 27 |
| ITALY | 0 | 12 | 8 | 0 | 20 | 0 | 3 | 9 | 0 | 12 |
| CEL BASEL | 0 | 203 | 80 | 0 | 283 | 0 | 131 | 52 | 0 | 183 |
| OTHER EUROPE | 0 | 25 | 123 | 25 | 811 | 2325 | 57 | 166 | 26 | 2574 |
| HONG KONG | 317 | 0 | 0 | 0 | 317 | 394 | 0 | 0 | 0 | 394 |
| TAIWAN | 153 | 35 | 25 | 26 | 239 | 127 | 36 | 19 | 28 | 210 |
| JAPAN | 0 | 104 | 24 | 0 | 128 | 0 | 82 | 16 | 0 | 98 |
| AUSTRALIA | 1108 | 164 | 172 | 51 | 1495 | 2846 | 175 | 201 | 54 | 3276 |
| TOTAL FAR EAST | 2332 | 1034 | 709 | 380 | 4455 | 4855 | 887 | 653 | 253 | 6648 |
| GRAND TOTAL | | | | | | | | | | |

comodore international limited
consolidating balance sheet -assets
june 30, 1985

8/15/85

| | clm, inc. | u.k. | gmbh | hong kong & japan | other | elim | prelim total |
|--------------------------|-----------|-------|--------|----------------------|--------|---------|-----------------|
| cash | 1600 | 0 | 100 | 100 | 6600 | | 8400 |
| trade receivables | 65500 | 16600 | 15900 | 0 | 65400 | | 163400 |
| other receivables | 4300 | 5400 | 800 | 1100 | 6300 | -1900 | 16000 |
| gross receivables | 69800 | 22000 | 16700 | 1100 | 71700 | -1900 | 179400 |
| allowance for bad debts | -2900 | -1600 | -900 | 0 | -9000 | | -14400 |
| reserve for discounts | -17100 | 0 | -800 | 0 | -2600 | | -20500 |
| net receivables | 49800 | 20400 | 15000 | 1100 | 60100 | -1900 | 144500 |
| raw materials & wip: | | | | | | | |
| major c64 components | 24000 | 27800 | 5500 | 8300 | 300 | -23100 | 42800 |
| major 1541 components | 0 | 0 | 26400 | 15000 | 3600 | -8100 | 36900 |
| other existing compon | 17100 | 1400 | 15000 | 28600 | -6600 | -4900 | 50600 |
| major ted components | 16500 | 14100 | 900 | 3500 | -5200 | -4800 | 25000 |
| new components | 8000 | 0 | 900 | 12500 | 300 | -1200 | 20500 |
| total raw mat & wip | 65600 | 43300 | 48700 | 67900 | -7600 | -42100 | 175800 |
| finished goods: | | | | | | | |
| C64 | 7200 | 2200 | 2800 | 0 | 8300 | -6500 | 14000 |
| 1541 | 15200 | 4100 | 8300 | 0 | 15400 | -10400 | 32600 |
| other existing products | 43400 | 11800 | 14400 | 0 | 25700 | -15100 | 80200 |
| ted products | 17800 | 7500 | 5100 | 0 | 9500 | -5400 | 34500 |
| new products | 400 | 700 | 600 | 0 | 2600 | -1200 | 3100 |
| total finished goods | 84000 | 26300 | 31200 | 0 | 61500 | -38600 | 164400 |
| prepaid expenses | 3600 | 700 | 500 | 500 | 2100 | | 7400 |
| income tax refunds | 25500 | 0 | 0 | 0 | 0 | | 25500 |
| total current assets | 230100 | 90700 | 95500 | 69600 | 122700 | -82600 | 526000 |
| property -cost | 130400 | 11500 | 7000 | 24700 | 17300 | | 190900 |
| accumulated depreciation | -46800 | -2300 | -1900 | -7900 | -7000 | | -65900 |
| net property | 83600 | 9200 | 5100 | 16800 | 10300 | 0 | 125000 |
| investment in subsid | 0 | 0 | 0 | 0 | 448000 | -448000 | 0 |
| deerfield receivables | 8000 | 0 | 11800 | 0 | 0 | | 19800 |
| acquired technology | 0 | 0 | 0 | 0 | 31600 | | 31600 |
| joint vent & other inves | 2900 | 0 | 0 | 0 | 1700 | | 4600 |
| other assets | 200 | 0 | 700 | 500 | 2300 | | 3700 |
| total assets | 324800 | 99900 | 113100 | 86900 | 616600 | -530600 | 710700 |

comodore international limited
consolidating balance sheet -liabilities
june 30, 1985

8/15/85

| | cbm, inc. | u.k. | gmbh | hong kong & japan | other | elim | prelim total |
|--------------------------|-----------|-------|--------|----------------------|---------|---------|-----------------|
| short-term bank debt | 15500 | 0 | 6300 | 12900 | 18300 | | 53000 |
| current portion ltd | 8300 | 700 | 200 | 400 | 0 | | 9600 |
| cel interco | 0 | 20000 | 5000 | 28600 | -53600 | | 0 |
| accounts payable | 21800 | 5900 | 10400 | 23900 | | | 75500 |
| accrued liabilities | 10100 | 2000 | 3900 | 1700 | 22400 | -1900 | 38200 |
| income taxes payable | 6900 | 7500 | -2700 | 4300 | 25400 | | 41400 |
| total current liab. | 62600 | 36100 | 23100 | 71800 | 26000 | -1900 | 217700 |
| bank debt | 100000 | 23100 | 16900 | 0 | 5100 | | 145100 |
| dm debt | 0 | 0 | 0 | 0 | 33000 | | 33000 |
| mortgages payable | 0 | 3000 | 400 | 3300 | 100 | | 6800 |
| lease obligations | 34700 | 1300 | 0 | 1000 | 0 | | 37000 |
| other long-term debt | 0 | 0 | 0 | 0 | 300 | | 300 |
| subtotal | 134700 | 27400 | 17300 | 4300 | 38500 | 0 | 222200 |
| less current portion | -8300 | -700 | -200 | -400 | 0 | 0 | -9600 |
| net long-term debt | 126400 | 26700 | 17100 | 3900 | 38500 | 0 | 212600 |
| deferred taxes | 3800 | 4200 | 500 | 1400 | 0 | | 9900 |
| other long-term liab | 0 | 0 | 0 | 0 | 4200 | | 4200 |
| long-term intercompany | 82200 | 11700 | 52800 | 0 | -146700 | | 0 |
| total liabilities | 275000 | 78700 | 93500 | 77100 | -78000 | -1900 | 444400 |
| common stock & surplus | 38900 | 200 | 10000 | 400 | 85700 | -106200 | 29000 |
| retained earnings, begin | 41200 | 26300 | 11900 | 7800 | 654500 | -411000 | 330700 |
| net income for year | -30300 | -600 | 1500 | 2400 | -31700 | -11500 | -70200 |
| translation adjustment | 0 | -4700 | -3800 | -800 | -13400 | | -22700 |
| treasury stock | 0 | 0 | 0 | 0 | -500 | | -500 |
| total equity | 49800 | 21200 | 19600 | 9800 | 694600 | -528700 | 266300 |
| total liab & equity | 324800 | 99900 | 113100 | 86900 | 616600 | -530600 | 710700 |

comodore international limited
accounts receivable aging
june 30, 1985

8/15/85

(in thousands of dollars)

| | not yet due | days past due | | | | other * | reserves | | prelim total |
|-----------------|----------------|---------------|-------|-------|----------|---------|--------------|--------|-----------------|
| | | 0-30 | 31-90 | 90+ | subtotal | rec | bad debts | allow | |
| u.s. systems | 41350 | 2502 | 8233 | 13232 | 65317 | 2544 | -2830 | -17162 | 47869 |
| semiconductor | 0 | 170 | 0 | 0 | 170 | 1782 | -61 | 0 | 1891 |
| subtotal | 41350 | 2672 | 8233 | 13232 | 65487 | 4326 | -2891 | -17162 | 49760 |
| canada | 6196 | 163 | 1229 | 1996 | 9584 | 207 | -1735 | -999 | 7057 |
| u.k. | 7973 | 772 | 1201 | 6663 | 16609 | 5393 | -1571 | 0 | 20431 |
| germany | 9306 | 1656 | 612 | 1667 | 13241 | 478 | -904 | -674 | 12141 |
| northern europe | 7410 | 5238 | 2906 | 1100 | 16654 | 599 | -1296 | -129 | 15828 |
| france | 530 | 265 | 265 | 0 | 1060 | 1117 | 0 | 0 | 2177 |
| italy | 27520 | 1381 | 644 | 411 | 29956 | 2371 | -5851 | -1283 | 25193 |
| cel - basel | 3264 | 242 | 19 | 1449 | 4974 | 124 | -57 | 0 | 5041 |
| australia | 4187 | 1021 | 216 | 370 | 5794 | 94 | -133 | -235 | 5520 |
| other | 0 | 7 | 0 | 0 | 7 | 1297 | -1 | 0 | 1303 |
| total | 107736 | 13417 | 13325 | 26888 | 163366 | 16006 | -14439 | -20482 | 144451 |

* Primarily duty drawback in US and VAT in non-US countries.

northern europe

| | | | | | | | | | |
|-------------|------|------|------|------|-------|-----|-------|------|-------|
| austria | 972 | 917 | 567 | 176 | 2632 | 330 | -103 | -86 | 2773 |
| belgium | 674 | 337 | 337 | 0 | 1349 | 99 | -187 | -33 | 1228 |
| netherlands | 2407 | 1204 | 1204 | 0 | 4814 | 17 | -195 | 0 | 4636 |
| switzerland | 2098 | 608 | 194 | 16 | 2917 | 10 | -146 | 0 | 2781 |
| denmark | 189 | 1203 | 379 | 265 | 2036 | 9 | -281 | 0 | 1764 |
| norway | 0 | 782 | 159 | 643 | 1584 | 1 | -364 | -5 | 1216 |
| sweden | 1069 | 187 | 66 | 0 | 1322 | 133 | -20 | -5 | 1430 |
| total | 7410 | 5238 | 2906 | 1100 | 16654 | 599 | -1296 | -129 | 15828 |

comodore international limited
inventories
june 30, 1985

(in thousands of dollars)

raw materials & work in process

c64 -major components

pcb - 477,731 @ 56
power supply & keyboards
pcb for conversion 52,200 @ 70
other components

1541 -major components

bsw - pcb -250,643 @ 36
floppy drives -259,942 @ 36

japan -floppy drives, -219,528 @ 32
power supplies -143,711 @10
shipping assemblies - 48,464

drives for repair 36,440 @ 84

other components

ted products -major components

plus 4 kits -210,811 @ 84

c16 kits -146,214 @ 60
other, net of reserves

other components

new products

u.s. - c128
bsw - pci0/20
semiconductor chips
japan & hong kong - c128, 1571
other components

total raw materials & wip

finished goods

major products - see schedule

other products

ted products - see schedule
other ted, net of reserves

new products

total finished goods

recap

rm & wip

finished goods

total

new products

existing

new

total

total

new

total

total

new

total

total

total

total

total

total

comodore international limited
finished goods inventory - major products
june 30,1985

| | united states | | | rest of world | | | total | |
|------------------|---------------|-----|-------|---------------|-----|-------|--------|--------|
| | qty | clc | value | qty | clc | value | qty | value |
| computers: | | | | | | | | |
| C-64 | 65319 | 84 | 5487 | 119380 | 71 | 8476 | 184699 | 13963 |
| disk drives: | | | | | | | | |
| 1541 | 126854 | 92 | 11671 | 230710 | 91 | 20995 | 357564 | 32665 |
| printers: | | | | | | | | |
| mps 801 | 39954 | 79 | 3156 | 42592 | 79 | 3365 | 82546 | 6521 |
| mps 802 | 3379 | 102 | 345 | 842 | 102 | 86 | 4221 | 431 |
| mps 803 | 80403 | 74 | 5950 | 57108 | 75 | 4283 | 137511 | 10233 |
| 803 tractor feed | 35041 | 8 | 280 | 18020 | | 126 | 53061 | 406 |
| mcs 801 | 3521 | 225 | 792 | 653 | 225 | 147 | 4174 | 939 |
| dps 1101 | 282 | 208 | 59 | 11450 | 207 | 2370 | 11732 | 2429 |
| datasette: | | | | | | | | |
| 1530 | 17442 | 12 | 209 | 64560 | 11 | 710 | 82002 | 919 |
| monitors: | | | | | | | | |
| 1701/1702 | 42550 | 122 | 5191 | 72125 | 152 | 10963 | 114675 | 16154 |
| cm141/1802 | 66654 | 116 | 7732 | 0 | 124 | 0 | 66654 | 7732 |
| sub-total | | | 40872 | | | 51521 | | 92392 |
| ted products: | | | | | | | | |
| c-16 | 55138 | 64 | 3529 | 133825 | 62 | 8297 | 188963 | 11826 |
| cl6/1531 | 1337 | 83 | 111 | 30782 | 75 | 2309 | 32119 | 2420 |
| c-116 | 0 | 0 | 0 | 27480 | 63 | 1731 | 27480 | 1731 |
| plus 4 | 70799 | 93 | 6584 | 40887 | 86 | 3516 | 111686 | 10101 |
| 1551 | 0 | 0 | 0 | 3000 | 94 | 282 | 3000 | 282 |
| 1531 | 140821 | 11 | 1549 | 515122 | 11 | 5666 | 655943 | 7215 |
| | | | 11773 | | | 21802 | | 33575 |
| total | | | 52645 | | | 73322 | | 125967 |
| | | | ===== | | | ===== | | ===== |

COMMODORE INTERNATIONAL LIMITED
CAPITAL EXPENDITURES
FISCAL 1985

8/15/85

| | 9/30/84 | 12/31/84 | 3/31/85 | PRELIM. 6/30/85 | YEAR 1985 |
|---------------------------|---------|----------|---------|--------------------|--------------|
| SEMICONDUCTOR | | | | | |
| VALLEY FORGE BLDG | 300 | 3800 | 5900 | 0 | 10000 |
| VALLEY FORGE - EQUIP | 2600 | 2100 | 3900 | 400 | 9000 |
| COSTA MESA | 1900 | 2100 | 1800 | 500 | 6300 |
| SUBTOTAL | 4800 | 8000 | 11600 | 900 | 25300 |
| ENGINEERING GROUP | 1300 | 2100 | 2200 | 2700 | 8300 |
| SALES CO | 1200 | 900 | 300 | 1300 | 3700 |
| REALTY & COMAIR | 600 | 300 | 900 | 300 | 2100 |
| US SUBTOTAL | 7900 | 11300 | 15000 | 5200 | 39400 |
| AMIGA | 0 | 800 | 700 | 1500 | 3000 |
| CEL HONG KONG | | | | | |
| AUTOMATIC INSERTION EQUIP | 700 | 700 | 0 | 0 | 1400 |
| OTHER | 1600 | 1600 | 1300 | 700 | 5200 |
| SUBTOTAL - CEL HK | 2300 | 2300 | 1300 | 700 | 6600 |
| TOOLING - JAPAN | 900 | 1600 | 800 | 800 | 4100 |
| TAIWAN & JAPAN | 500 | 200 | 500 | 1000 | 2200 |
| EUROPE | | | | | |
| U.K. | 200 | -100 | 900 | 400 | 1400 |
| GERMANY | 500 | 800 | 800 | 400 | 2500 |
| NORTHERN EUROPE | 1000 | 200 | 200 | 1000 | 2400 |
| ITALY | 0 | 0 | 600 | 200 | 800 |
| SUBTOTAL - EUROPE | 1700 | 900 | 2500 | 2000 | 7100 |
| NY OFFICE | 100 | 200 | 200 | 300 | 800 |
| OTHER | 900 | -300 | -200 | -400 | 0 |
| TOTAL | 14300 | 17000 | 20800 | 11100 | 63200 |

comodore international limited
bank debt
fiscal 1985

8/15/85

(in thousands of dollars)

| short-term | 6/30/84 | 9/30/84 | 12/31/84 | 3/31/85 | 6/30/85 | lines avail 6/30/85 |
|-------------------|---------|---------|----------|---------|---------|---------------------------|
| u.s. | 0 | 0 | 13000 | 9500 | 15500 | 7000 |
| canada | 63 | 10606 | 13636 | 9075 | 2941 | 8800 |
| germany & austria | 1849 | 5138 | 3519 | 5168 | 6302 | 9100 |
| northern europe | 0 | 1459 | 0 | 1851 | 5625 | 7200 |
| italy | 11099 | 19056 | 51238 | 33609 | 17075 | 23500 |
| -discounted bills | -8788 | -12630 | -27271 | -13597 | -8929 | -13300 |
| australia | 0 | 6258 | 7025 | 2249 | 1217 | 500 |
| france | 0 | 0 | 0 | 0 | 385 | 0 |
| cel - hong kong | 0 | 996 | 7847 | 14053 | 12859 | 7300 |
| japan & taiwan | 0 | 0 | 0 | 0 | 9800 | 9800 |
| total short-term | 4223 | 30883 | 68994 | 61908 | 52975 | 59900 |
| long-term | | | | | | |
| u.s. | 31000 | 75000 | 84000 | 100000 | 100000 | 0 |
| canada | 6061 | 0 | 0 | 0 | 0 | 0 |
| u.k. | 0 | 14945 | 15080 | 10807 | 23099 | 9600 |
| germany & austria | 0 | 3371 | 13264 | 18567 | 16930 | 3000 |
| australia | 5181 | 0 | 0 | 3521 | 5034 | 700 |
| total long-term | 42242 | 93316 | 112344 | 132895 | 145063 | 13300 |

commodore international limited
projected consolidated income statement
fiscal 1986

(in thousands of dollars)

| | jul | aug | sep | qtr 1 | % | oct | nov | dec | qtr 2 | % |
|--------------------------|--------|--------|--------|--------|--------|-------|--------|--------|--------|--------|
| sales -existing products | 14000 | 18000 | 48000 | 80000 | 47.06 | 30000 | 55000 | 55000 | 140000 | 41.18 |
| -c128 group | 0 | 16000 | 42000 | 58000 | 34.12 | 31000 | 39000 | 44000 | 114000 | 33.53 |
| -pc 10/20 | 2000 | 6000 | 16000 | 24000 | 14.12 | 7000 | 10000 | 10000 | 27000 | 7.94 |
| -amiga | 0 | 0 | 8000 | 8000 | 4.71 | 17000 | 21000 | 21000 | 59000 | 17.35 |
| net sales | 16000 | 40000 | 114000 | 170000 | 100.00 | 85000 | 125000 | 130000 | 340000 | 100.00 |
| cost -existing products | 12000 | 15000 | 42000 | 69000 | 86.25 | 26000 | 50000 | 50000 | 126000 | 90.00 |
| -c128 group | 0 | 11000 | 28000 | 39000 | 67.24 | 21000 | 25000 | 28000 | 74000 | 64.91 |
| -pc 10/20 | 1000 | 3000 | 9000 | 13000 | 54.17 | 4000 | 5000 | 5000 | 14000 | 51.85 |
| -amiga | 0 | 0 | 5000 | 5000 | 62.50 | 9000 | 12000 | 12000 | 33000 | 55.93 |
| cost of sales -std. | 13000 | 29000 | 84000 | 126000 | | 60000 | 92000 | 95000 | 247000 | |
| gross margin -std. | 3000 | 11000 | 30000 | 44000 | 25.88 | 25000 | 33000 | 35000 | 93000 | 27.35 |
| other cost of sales | | | | | | | | | | |
| air freight | 0 | 1000 | 1000 | 2000 | 1.18 | 1000 | 1000 | 1000 | 3000 | 0.88 |
| unabsorbed labor & oh | | | | | | | | | | |
| semiconductor group | 2000 | 1500 | 1500 | 5000 | 2.94 | 1500 | 1000 | 1000 | 3500 | 1.03 |
| other mfg locations | 1000 | 1000 | 1000 | 3000 | 1.76 | 1000 | 500 | 500 | 2000 | 0.59 |
| other | 1000 | 1500 | 1500 | 4000 | 2.35 | 1500 | 1500 | 1500 | 4500 | 1.32 |
| subtotal -other cos | 4000 | 5000 | 5000 | 14000 | 8.24 | 5000 | 4000 | 4000 | 13000 | 3.82 |
| net gross margin | -1000 | 6000 | 25000 | 30000 | 17.65 | 20000 | 29000 | 31000 | 80000 | 23.53 |
| operating expenses | | | | | | | | | | |
| advert & merchand | 5000 | 5000 | 7500 | 17500 | 10.29 | 9000 | 11000 | 8000 | 28000 | 8.24 |
| selling & delivery | 3000 | 5000 | 6000 | 14000 | 8.24 | 6000 | 6000 | 6000 | 18000 | 5.29 |
| administration | 3000 | 3000 | 2500 | 8500 | 5.00 | 2500 | 2500 | 2000 | 7000 | 2.06 |
| amortiz acquired tech | 0 | 1000 | 1000 | 2000 | 1.18 | 1000 | 0 | 1000 | 2000 | 0.59 |
| research & develop | 5000 | 5000 | 4000 | 14000 | 8.24 | 3500 | 2500 | 2000 | 8000 | 2.35 |
| total operating expenses | 16000 | 19000 | 21000 | 56000 | 32.94 | 22000 | 22000 | 19000 | 63000 | 18.53 |
| operating income | -17000 | -13000 | 4000 | -26000 | -15.29 | -2000 | 7000 | 12000 | 17000 | 5.00 |
| interest expense | 3000 | 3000 | 4000 | 10000 | 5.88 | 4000 | 4000 | 3000 | 11000 | 3.24 |
| other expense (income) | 0 | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0 | 0.00 |
| pre-tax income | -20000 | -16000 | 0 | -36000 | -21.18 | -6000 | 3000 | 9000 | 6000 | 1.76 |
| income tax (benefit) | -4000 | -3000 | | -7000 | | -1000 | | 2000 | 1000 | |
| net income | -16000 | -13000 | 0 | -29000 | | -5000 | 3000 | 7000 | 5000 | |

comodore international limited
monthly sales forecast
fiscal year 1986

8/15/85

(in thousands of dollars)

| Country | jul | aug | sept | 1st qtr | oct | nov | dec | 2nd qtr |
|-----------------------|-------|-------|--------|---------|-------|--------|--------|---------|
| U.S. | 3500 | 18500 | 60000 | 82000 | 40000 | 65000 | 70000 | 175000 |
| Canada | 1000 | 3000 | 4000 | 8000 | 3000 | 4000 | 5000 | 12000 |
| U.K. | 0 | 2000 | 11000 | 13000 | 10000 | 12000 | 10000 | 32000 |
| Germany | 2500 | 7000 | 17000 | 26500 | 13000 | 14000 | 18000 | 45000 |
| Northern Europe, incl | 3000 | 5000 | 10000 | 18000 | 9000 | 12000 | 12000 | 33000 |
| France | 0 | 1000 | 2000 | 3000 | 2000 | 3000 | 2000 | 7000 |
| Italy | 3000 | 0 | 4000 | 7000 | 2000 | 5000 | 6000 | 13000 |
| Cel -Europe | 500 | 1000 | 2000 | 3500 | 1000 | 2000 | 1000 | 4000 |
| Cel -S. America | 500 | 500 | 1000 | 2000 | 1000 | 2000 | 2000 | 5000 |
| Australia | 2000 | 2000 | 3000 | 7000 | 4000 | 6000 | 4000 | 14000 |
| Total | 16000 | 40000 | 114000 | 170000 | 85000 | 125000 | 130000 | 340000 |
| Existing products | | | | | | | | |
| U.S. | 3500 | 4500 | 21000 | 29000 | 3700 | 17000 | 21300 | 42000 |
| Other | 10500 | 13500 | 27000 | 51000 | 26300 | 38000 | 33700 | 98000 |
| CI28 group | | | | | | | | |
| U.S. | 0 | 14000 | 31000 | 45000 | 19300 | 27000 | 27700 | 74000 |
| Other | 0 | 2000 | 11000 | 13000 | 11700 | 12000 | 16300 | 40000 |
| PC 10/20 | 2000 | 6000 | 16000 | 24000 | 7000 | 10000 | 10000 | 27000 |
| Amiga | 0 | 0 | 8000 | 8000 | 17000 | 21000 | 21000 | 59000 |
| Total | 16000 | 40000 | 114000 | 170000 | 85000 | 125000 | 130000 | 340000 |

comodore international limited
projected product sales by quarter
fiscal 1986

8/15/85

| u.s. | qtr 9/30/85 | | | qtr 12/31/85 | | |
|--------------------|-------------|-------|-------|--------------|-------|--------|
| | qty | price | sales | qty | price | sales |
| c64 | 70000 | 110 | 7700 | 100000 | 110 | 11000 |
| 1541 drives | 70000 | 119 | 8330 | 100000 | 119 | 11900 |
| monitors | 35000 | 140 | 4900 | 50000 | 140 | 7000 |
| printers | 50000 | 90 | 4500 | 60000 | 90 | 5400 |
| ted products | | | 2750 | | | 5500 |
| others | | | 820 | | | 1200 |
| subtotal -existing | | | 29000 | | | 42000 |
| cl28 | 114500 | 232 | 26564 | 155000 | 232 | 35960 |
| 1571 drive | 63300 | 193 | 12217 | 120000 | 193 | 23160 |
| 1902 monitor | 20000 | 222 | 4440 | 40000 | 222 | 8880 |
| mps 1000 printer | 2000 | 209 | 418 | 22000 | 209 | 4598 |
| other | | | 1361 | | | 1402 |
| subtotal -cl28 | | | 45000 | | | 74000 |
| amiga | 6000 | 842 | 5052 | 55000 | 842 | 46310 |
| amiga monitor | 5500 | 322 | 1771 | 25000 | 322 | 8050 |
| other | | | 1177 | | | 4640 |
| subtotal -amiga | | | 8000 | | | 59000 |
| total u.s. | | | 82000 | | | 175000 |

commodore international limited
projected product sales by quarter
fiscal 1986

8/15/85

| | qtr 9/30/85 | | | qtr 12/31/85 | | | |
|--------------------|---------------|--------|-------|--------------|--------|-------|--------|
| | rest of world | qty | price | sales | qty | price | sales |
| c64 | | 164000 | 145 | 23780 | 295000 | 145 | 42775 |
| 1541 drives | | 73600 | 139 | 10230 | 151300 | 139 | 21031 |
| monitors | | 24100 | 165 | 3977 | 49500 | 165 | 8168 |
| printers | | 38600 | 90 | 3474 | 80000 | 90 | 7200 |
| ted products | | | | 4398 | | | 13125 |
| pet systems | | | | 3000 | | | 3000 |
| others | | | | 2141 | | | 2702 |
| subtotal -existing | | | | 51000 | | | 98000 |
| c128 | | 145000 | 210 | 9450 | 135000 | 210 | 28350 |
| 1570 drives | | 20000 | 160 | 3200 | 70000 | 160 | 11200 |
| other | | | | 350 | | | 450 |
| subtotal -c128 | | | | 13000 | | | 40000 |
| pc10 | | 10100 | 1050 | 10605 | 10800 | 1050 | 11340 |
| pc20 | | 7800 | 1700 | 13260 | 9000 | 1700 | 15300 |
| other | | | | 135 | | | 360 |
| subtotal -pc10/20 | | | | 24000 | | | 27000 |
| total -rest world | | | | 88000 | | | 165000 |

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commodore international historical society

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